



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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September 4, 2003

CERTIFIED RETURN RECEIPT

7099 3400 0016 8896 3533

Mr. Robert Fausett

P. O. Box 158

LaPoint, Utah 84039

Ms. Suzanne Huffman

8750 East 4000 North

LaPoint, Utah 84039

Subject: Potential Permit Transfer, Duchesne County, Cedar Buttes Mine, M/047/028, Uintah County, Utah

Dear Mr. Fausett and Ms. Huffman:

On August 14, 2003, Doug Jensen and I met with Mr. Douglas Nielsen of the Duchesne County Road Department and discussed the status of the County's Cedar Buttes tar sand mine. Mr. Jensen and I then inspected both the County's mine and the adjacent operations. I wrote one inspection report for the two inspections, and a copy is enclosed.

Duchesne County is no longer interested in conducting mining operations at this site and would like to either begin reclamation or to transfer the large mine permit to another party. We would like to know if you, as owners of the mineral rights, are interested in acquiring a reclamation bond and the permit for the County's operation. The bond is currently in the amount of \$89,800. If you do not want to or are not able to have the permit transferred to you, is there another party that would be interested in obtaining the permit and in mining the property?

If we do not hear from you by October 8, 2003, we will assume you are not interested in obtaining Duchesne County's permit and that you know of no other entity that would like to mine the site. In this case, the County will want to proceed with reclamation, and the Division of Oil, Gas and Mining will ask that you provide them right of entry to perform this work.

The enclosed inspection report discusses some items of concern for your site. Most notably, we found two empty boxes that were labeled as containing dynamite. These boxes were

Robert Fausett and Suzzanne Huffman

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M/047/028

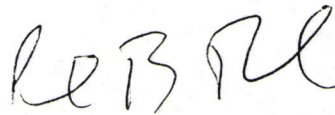
September 4, 2003

in an underground storage area. If you store explosives, they must be stored properly in a locked container.

There was some equipment, including a trackhoe, on the east side of the County road away from the main part of your disturbance. We do not know if this equipment is yours or if it is used for your operations. If you do use it, it should be stored nearer the rest of the equipment so your disturbed area can be minimized. In addition, anything you do not plan to use, such as the vandalized trailer or television, should be taken off site.

Thank you for your cooperation. If you have any questions about the permit transfer process, the inspection, or about this letter, please call me at 801-538-5261.

Sincerely,

A handwritten signature in dark ink, appearing to read 'PBB', is written over the typed name.

Paul B. Baker, Senior Reclamation Biologist
Division of Oil, Gas and Mining

PBB:jb

Enclosure: Inspection report

cc: Douglas Nielsen, Duchesne County

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